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Annual Rep

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The Honourable
David C. Lam

Lieutenant Governor of the
Province of British Columbia

May it please Your Honour:
I have the honour to present the Annual Report of the British Columbia Housing Management Commission for the year ended December 31, 1988.

Peter A. Dueck
Minister of Social Services
and Housing

The Honourable
Peter A. Dueck

Minister of Social Services
and Housing

Dear Sir:
I have the honour to submit, for your approval, the Annual Report of the British Columbia Housing Management Commission, for the period January 1, 1988 to December 31, 1988.

Peter H. Thomas
Chairman

General Manager's Remarks

This year, much of our attention was directed to managing the Non-Profit programs which are jointly funded by the Federal and Provincial governments. Many societies and communities worked with us on new housing projects that will enrich the quality of life for many British Columbians.

Our 1988 proposal call process was highly successful. We also began to strengthen our relationship with non-profit societies by enhancing the level of support provided to them; the results are already evident in improved communication and efficiency.

1988 was a year of continued economic prosperity for British Columbia. We saw the beginning of a major influx of residents from other parts of Canada which increased demand for all goods and services, including housing.

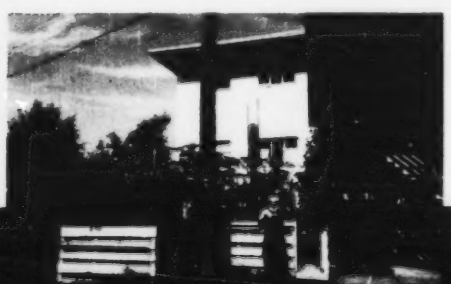
The housing trends created by British Columbia's prosperous economy are expected to continue over the next few years and so in 1988 we began to put special emphasis on our policy and planning function, in order to provide a framework for an effective provincial response.

I am very proud of the results achieved by the British Columbia Housing Management Commission in 1988. Commission staff members deserve much credit for their hard work and dedication.

We all look forward to a challenging year in 1989!

J.C. Leman

J.C. Leman
General Manager



Social Housing in British Columbia ...An Overview

The aim of social housing is to provide adequate and affordable shelter to people in need; people who, for a variety of reasons, cannot obtain appropriate shelter in the private market.

A wide variety of people find homes in British Columbia's social housing. They are primarily people with low to moderate incomes, and they may be families, senior citizens, single people, people with physical disabilities or others with special needs. Assistance is provided, on a priority basis, to those in greatest need.

British Columbia currently has some 51,000 units of social housing which have been developed over the years through various initiatives. Many private sector, community, and government organizations – including the British Columbia Housing Management Commission – have shared the responsibility for the development and management of these units.

The premise that people in need should not have to pay more than 30 per cent of their household income for rent, forms the basis of British Columbia's social housing system. The Federal and Provincial governments make up the shortfall between the tenant's contribution and the actual cost of the accommodation.

Households which cannot afford adequate and suitable accommodation in their own communities, without paying more than 30 per cent of their income, are considered to be within "core housing need" and are, therefore, eligible for rent subsidies.

Subsidies are allocated based on a standard point system which ensures that assistance is provided to the people who need it most. Applicants are allotted points for such factors as an inadequacy of present accommodation; percentage of income paid for accommodation; and amount of income compared with household size.

Tenants' incomes are reviewed annually to ensure they continue to qualify for rent subsidy. Periodic audits of non-profit society management practices are also conducted to ensure that subsidy dollars are allocated fairly.

Commission Mandate

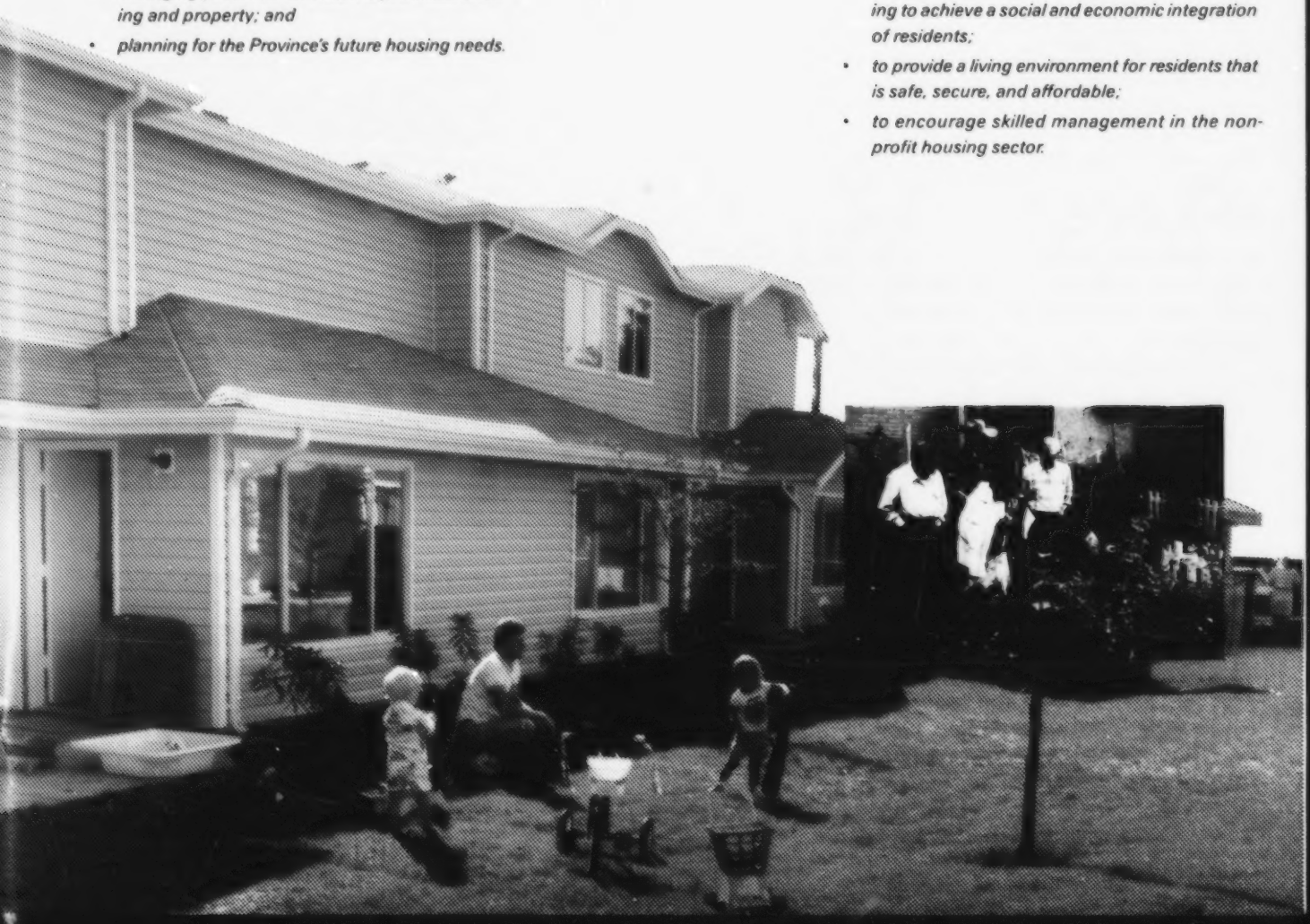
The British Columbia Housing Management Commission (the Commission) is the primary agency responsible for social housing in British Columbia. Its activities include:

- *developing new social housing;*
- *allocating housing and administering rent subsidies to ensure that assistance is provided to those who need it most;*
- *managing provincial and federal provincial housing and property; and*
- *planning for the Province's future housing needs.*

Commission Goals

The Commission aims to make good use of available resources in order to best meet the needs of users of social housing, and the British Columbia community in general. It is guided by four principal goals:

- *to deliver social housing to priority groups in a cost-effective manner;*
- *to allocate housing to families, senior citizens, and disabled persons on the basis of need, aiming to achieve a social and economic integration of residents;*
- *to provide a living environment for residents that is safe, secure, and affordable;*
- *to encourage skilled management in the non-profit housing sector.*



Major Programs and Activities

The Commission has responsibilities in five main areas:

- *Planning for the Province's Future Housing Needs*
- *The Current Social Housing Program*
- *Rent Supplement Agreements Prior to 1986*
- *Property Management*
- *Fiscal and Other Programs*

PLANNING FOR THE PROVINCE'S FUTURE HOUSING NEEDS

The Commission has an important responsibility in planning for future social housing activity and the Province's other housing needs.

This includes analyzing provincial housing conditions and providing a framework of options to enable the Province to respond effectively to changes in the economic and social climate.

In addition, the Commission represents the Province on federal/provincial issues, and ensures that the terms of jointly funded programs are administered according to agreements.

The Commission also develops programs, policies, and procedures to ensure our social housing system operates fairly and efficiently, and serves those who most need assistance.

THE CURRENT SOCIAL HOUSING PROGRAM

In 1986, the Government of British Columbia signed new Global and Operating Agreements with the Federal government to deliver about 1900 additional units of social housing each year. Under these agreements costs are shared: 33 per cent of funding is provided by the Provincial government, and 67 per cent is contributed by the Federal government.

There are two components to the current social housing program:

- ***The Non-Profit Housing Program*** *assists non-profit societies, public agencies, and co-operative associations to build affordable housing for low-income families, older singles, senior citizens, and the disabled. The development of new units is achieved through an open proposal call; a process which helps the Commission to obtain the best value for housing program dollars.*
- *Once the development phase is complete, non-profit societies sign an operating agreement with the Commission. Through this agreement, societies are provided with operating subsidies that make up the difference between the break even rent for the project and rents paid by tenants – based on 30 per cent of their household income.*
- *Day to day management of housing projects is handled by the non-profit societies, with guidance from the Commission.*
- *Units in Non-Profit housing projects are allocated according to need, based on the Commission's point system.*
- ***The Rent Supplement Program*** *allows the Commission to enter into agreements for privately owned rental units for which tenants will receive a subsidy enabling them to pay the market rent. These units may be leased from the private market or located in federal housing co-operatives built after 1986.*

RENT SUPPLEMENT AGREEMENTS PRIOR TO 1986

Rent supplements are the major method by which people in need have been assisted with their housing costs. On behalf of both levels of government, the Commission administers a variety of Rent Supplement programs developed prior to 1986, which ensure that eligible tenants pay no more than 30 per cent of their household income for rent. These programs apply mostly to units developed through non-profit programs, and also to some private market units.

PROPERTY MANAGEMENT

The Commission has direct responsibility for managing a portfolio of about 8,000 units of social housing located in 112 developments throughout the Province. Most of these units were built prior to 1980, before the non-profit approach to delivering social housing was broadly implemented. Units in all these housing projects are allocated to tenants, based on the standard Commission point system.

Total rents paid to the Commission, plus financial contributions from the two levels of government, provide the revenue necessary to offset the cost of managing, operating and amortizing this housing portfolio.

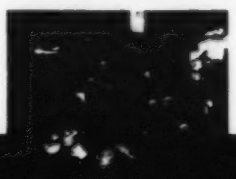
The following programs are also part of the Commission's property management responsibilities:

- ***People, Plants and Homes*** *is a unique urban gardening program which encourages tenant participation and pride. Tenants who garden are making a positive change in their environment: this improves property appearance and enhances cooperation between tenants and staff.*
- ***The Capital Maintenance Program*** *is designed to modernize older housing stock by replacing worn piping systems, roofs and flooring, and upgrading grounds.*
- ***The Energy Conservation Program*** *reduces utility costs through a computerized monitoring system for utility charges, and through the installation of energy efficient light fixtures, and insulation programs.*
- ***The Life Safety Program*** *provides leadership in the fields of fire planning and safety, and training designed to keep staff informed of health conditions for the elderly, handicapped and children.*
- *Through the* ***Resident Recreation Activity Program (RRAP)*** *the Commission funds over 30 tenants' associations. These tenant-run groups sponsor and promote social and recreational programs for the benefit and participation of all tenants living in Commission managed developments.*

FISCAL AND OTHER PROGRAMS

The Commission is responsible for a variety of other programs and services:

- *Through the Commission's* ***Fiscal Programs,*** *funding is provided to 399 units managed by the City of Vancouver, and 126 units managed by the Penticton & District Retirement Centre.*
- *The* ***Ray-Cam Community Centre*** *is located at the Stamps Place housing development in the downtown eastside of Vancouver. The centre provides recreational programs and activities for Commission tenants and the surrounding com-*



munity. Operating and capital maintenance funds for the centre are provided by the Commission; recreational activities and program staff are funded by the City of Vancouver.

- *British Columbia cost shares the difference between mortgage payments and 25 percent of client income – on a 75 percent/25 percent Federal/Provincial basis – for over 500 housing units built before 1983 under the* ***Rural and Remote Mortgage Program.*** *Subsidies for other Rural and Native Housing units are wholly borne by the Federal government.*
- *The Commission contributes to subsidies for mortgage payments on 14 scattered townhouses in the Greater Vancouver Regional District, and rents on 73 cooperative units built in the early to mid-1970s. The subsidy formula for these* ***GVRD and Coop Mortgage programs*** *is the same as the formula for the Rural and Remote Mortgage Program.*
- *The Commission provides* ***Consulting Services to Non-Profit Societies*** *including technical, financial and administrative support.*
- *A centralized* ***Wheelchair Housing Registry*** *operates from the Commission's home office in Burnaby. This computerized registry matches applicants with landlords of non-profit, cooperative, private market and public units which are modified for wheelchair use. There are no income or residency restrictions for this service.*

FEDERAL/PROVINCIAL RELATIONS

In 1988, the Commission continued work on the Planning and Monitoring Committee for the Federal/Provincial partnership. The Committee simplified administrative procedures, planned the allocation of new social housing units for the province, and implemented control software for long-term budgetary planning.

The Commission also participated in federal-provincial Ministers' meetings, senior officials' working groups, and the National Housing Research Council. Following a review of housing allowances, British Columbia and Quebec led the drive to obtain funding for shelter allowances under the federal/provincial Social Housing Agreement.

HOUSING ALLOCATION

In 1988, 1,245 new applicants were housed in Commission managed developments where the average annual turnover rate was 16.5%. In the Lower Mainland, 1,061 new tenants were placed in Commission units, 67 in new non-profit projects, and 155 in new cooperative units.

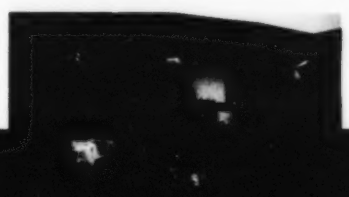
Staff responsible for housing allocation received an average of 3,600 telephone enquiries and 395 new applications a month.

WHEELCHAIR HOUSING REGISTRY

By the end of 1988, the Wheelchair Housing Registry listed 676 units of wheelchair modified housing. Over the year, staff made housing referrals to 240 registered applicants. A new Commission brochure for the Wheelchair Housing Registry was designed and issued this year.

SENIORS HOUSING RESEARCH

1988 spotlighted seniors housing issues, culminating in "Housing Options For Older



Canadians," a Canada Mortgage and Housing Corporation conference in Halifax.

Commission staff also gave presentations to raise the profile of seniors housing issues among key housing sector groups, such as Greater Vancouver Home Builders Association, the International Institute for Social Research, the Ministry of Health, and other interested groups.

HEAT SUBSIDY

In December 1988, a heat subsidy program was introduced to assist eligible tenants in 58 communities throughout British Columbia, who would previously have paid directly for heating. (Heating can be a costly addition to rent, particularly in interior and northern communities.)

Under the new program, the cost of rent and heating combined will not exceed 30% of a tenant's household income. The actual amount of the heat subsidy is determined by the size of the rental unit and its geographic location in the province.

The program could assist up to 2,000 tenants living in housing managed by the Commission.

PETS IN COMMISSION DEVELOPMENTS

The companionship of a pet can have important benefits for the morale and well-being of tenants, especially those who live alone. Consequently, a new policy which enabled Commission tenants to keep pets in their units was implemented in the Spring of 1988.

Guidelines for responsible pet ownership were developed in conjunction with local pet advocacy groups including the British Columbia Society for the Prevention of Cruelty to Animals, the Federation of Individuals and Dog Organizations, and the British Columbia Veterinary Medical Association.

CAPITAL MAINTENANCE PROGRAM

The Commission spent $10.5 million in 1988 for major upgrading of building interiors, exteriors and grounds. Projects completed in 1988 include boiler, roof, water supply and appliance replacements; sewer, electrical, landscape and fire alarm enhancements; and kitchen and bathroom renovations.

Upgrading playgrounds has also been a priority. Concrete and asphalt surfaces under play equipment have been replaced with well-drained sand. All play equipment has been examined for wear and potential hazards have been rectified.

PEOPLE, PLANTS AND HOMES

Tenants who garden have found that the rewards of the People, Plants and Homes Program go far beyond the pleasure of growing flowers and vegetables. Friendships have flourished, new skills have been learned and a sense of community pride has developed.

Participation levels in this gardening program remained high, at about 40%, on Vancouver Island. Participation in the Greater Vancouver area increased from 19% in 1987 to 21% in 1988.

LABOUR RELATIONS

While no contract negotiations were conducted in 1988, the year was a busy one on the Labour Relations front. The Commission continued to deal with Employer/Union issues from a problem solving standpoint. This positive approach resulted in the resolution of nine grievances without third party intervention.

EMPLOYMENT

A proactive approach to employee relations can significantly enhance the efficiency and effectiveness of the staff team. Consequently, the Commission continued to emphasize internal career development opportunities, as well as staff training and development.

ATTENDANCE

A monitoring system was implemented to ensure early identification of absenteeism and a quick response to solving the problem. Attendance awards were presented to 55 employees, and 62 employees received the Commission's Long Service Award, an award which recognizes long term loyalty and commitment.

ADMINISTRATIVE ENHANCEMENTS

A number of technical and administrative improvements have greatly enhanced the Commission's efficiency. In particular, increased microcomputer capability, and new purchasing and accounts payable procedures have resulted in significant cost and labour savings.

FINANCIAL SERVICES CONTRACT

To reduce financing and development costs for new social housing, financial services were tendered. Resulting savings to taxpayers were in the range of $5.5 million (1988 dollars) in interest, legal fees, and administrative costs over a five year period.

The Commission led the country in implementing this new approach in 1987. Since then, several other provinces and the Canada Mortgage and Housing Corporation have followed suit.

COMMISSION ORGANIZATION

The Commission is guided in its activities by a Board of Commissioners who are appointed by the Lieutenant Governor in Council, upon the recommendation of the Minister of Social Services and Housing. A Chairman is appointed from among the Board members by the Minister. The Board is directly responsible to the Minister.

The Board acts in an advisory capacity to the Minister. Its primary role is to ensure that the organization meets its responsibilities and does not exceed its mandate. It may also advise the Minister on provincial housing policies and programs.

An Advisory Board also provides advice, on an ad hoc basis, to the Commission Chairman.

Commission Chairman
Peter H. Thomas

Vice Chairman of the Board
Shelley M. Tratch

Chairman of the Advisory Board
John Johnston

Board of Commissioners

Robert L. Ash
Walter Badun
Michael Goldberg
Rick Hansen
James Houston
Mike Jensen
André Molnar
Doug Mowat, M.L.A.
Vancouver Little Mountain
Frank J. Quinn
Daniel G. Sheridan
Ron Shon
Sam Travers
Assistant Deputy Minister

Advisory Board

Colyn Clay
Wayne Henderson
Firoz Karim
Dr. Geraldine Schwartz
Derrick Mowatt
Frank Ogden
David Adams
Gary Youngman
Wilson Parasiuk
Stanley Kwok
Len Pye
Eugene Kaulius
Eugene H. Kwan
Jacques Khouri
Ross King
Shelley Lederman
Ken Hallat
Brent Siddons
Gerald Hamilton
Don James
Nancy McKinstry
James Winton
Caleb Chan

Special Advisor ***William Teron***

STAFF ORGANIZATION

The Commission staff is headed by the General Manager who, as Chief Executive Officer, oversees all the activities of the Commission.

There are six divisions which carry out the Commission's responsibilities:

- ***Policy, Planning and Community Relations*** *analyzes, develops, and monitors social housing policies and programs. It also allocates units in the Commission's property management portfolio, on the basis of need, and administers Rent Supplement Programs.*

  Policy, Planning and Community Relations is also responsible for all of the Commission's internal and external communications and public consultation functions.

- ***Regional Operations*** *provides complete property management services for about 8,000 units of housing directly managed by the Commission. These units, located in 39 communities throughout the Province, house more than 14,200 people, including senior citizens, families, the disabled, and group home residents.*

  This Branch comprises four regional offices and the Glenshiel, a residential hotel in Victoria, which is home to about 75 senior citizens and is operated on a break-even basis.

- ***Development Services*** *directs the development and delivery of new social housing in British Columbia, through Non-Profit Programs which came into effect in 1986. Standards and policies for all technical aspects of development (design, engineering, equipment and materials) are also determined by this Branch.*

  Development Services also provides technical, financial, and administrative advice to non profit societies and private landlords upon request.

- ***Finance and Administration*** *is responsible for all the Commission's purchasing, accounting, budgeting, and management information systems including computer systems, central files, library and administrative services.*

- ***Personnel and Labour Relations*** *is responsible for all of the Commission's personnel and labour relations activities. This includes negotiating collective agreements for unionized staff, as well as recruitment, compensation, appraisal and training for all staff.*

- ***Internal Audit*** *works closely with external auditors on the Commission's annual financial audit, and carries out regular operational audits on the full range of the Commission's activities to ensure that policies and procedures are followed. In addition, Internal Audit helps to ensure that housing assistance is directed to those who need it most, by verifying tenants' declared incomes as necessary.*

Senior Management

J. C. (Ian) Leman
General Manager

Enid J. Buchanan
Director, Policy, Planning and Community Relations

R. L. (Lin) Matthews
Director, Financial and Administrative Services

Sylvia Porter
Director, Personnel and Labour Relations

Peter Robinson
Director, Regional Operations

Richard Staehli
Director, Development Services

Social Housing Units Receiving Subsidies through the Commission

At December 31, 1988 and 1987

Section references are to the National Housing Act.	*Housing Units*		*Developments/Societies*	
	1988	1987	**1988**	1987
Current Social Housing Program				
Section 56.1				
Completed units	**2,890**	559	**167**	56
Units at commitment stage	**2,517**	2,996	**–**	–
TOTAL	**5,407**	3,555	**167**	56
Rent Supplement Units Prior to 1986				
Section 44(1)(a)				
Private				
Disabled	**395**	464	**70**	74
	297	267	**73**	65
Section 44(1)(b)				
Senior Citizens				
High Impact Grants	**2,642**	2,598	**95**	94
	17	17	**1**	1
Provincial Rental Assistance Program				
Seniors				
Disabled	**1,043**	686	**43**	33
	328	282	**69**	60
TOTAL	**4,722**	4,314	**351**	327
Property Management				
Section 40				
Regular				
Penticton & District Retirement Centre	**5,477**	5,477	**51**	51
	126	126	**1**	1
Section 44	**1,945**	1,951	**44**	44
Wholly Provincial Projects				
The Glenshiel	**123**	131	**–**	–
	73	74	**1**	1
TOTAL	**7,744**	7,759	**97**	97
Fiscal and Other Programs				
Section 40—City of Vancouver				
Managed Properties	**291**	290	**3**	3
Section 44(1)(a)—City of Vancouver				
Managed Properties	**165**	164	**2**	2
Wholly Provincial—City of Vancouver				
Managed Properties	**108**	108	**1**	1
Rural and Remote Program	**738**	777	**–**	–
Co-op and GVRD Housing Programs	**93**	94	**28**	31
TOTAL	**1,395**	1,433	**34**	37

Auditors' Report

To the Chairman
British Columbia Housing Management Commission

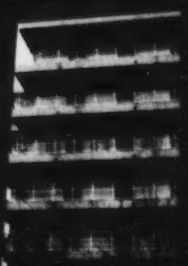
We have examined the combined balance sheet of the Province of British Columbia, Projects and Programs Managed by British Columbia Housing Management Commission, (the Commission) as at December 31, 1988 and the combined statements of revenue and expenditures and Province's account and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these combined financial statements present fairly the financial position of these projects and programs managed by the Commission as at December 31, 1988 and the results of their operations and changes in their financial position for the year then ended in accordance with the accounting policies described in note 1 to the combined financial statements applied on a basis consistent with that of the preceding year.

Thorne Ernst & Whinney

Thorne Ernst & Whinney

March 25, 1989



Combined Balance Sheet

As At December 31, 1988 and 1987

	1988	1987
Assets		
Current Assets		
Cash	$ —	$4,171,875
Accounts receivable	**451,650**	191,139
Prepaid expenses and shelter supplement	**1,842,772**	851,000
Due from Canada Mortgage and Housing Corporation	**7,780,265**	2,173,892
	10,074,687	7,387,906
Long-Term Receivables	**397,280**	461,423
Disaster Loss Fund (note 3)	**853,690**	783,399
Equipment (note 4)	**195,695**	258,750
	$11,521,352	$8,891,478
Liabilities and Province's Account		
Current Liabilities		
Bank indebtedness	$ **723,536**	$ —
Accounts payable & accrued liabilities	**5,577,959**	4,351,530
Tenants' prepaid rent	**282,776**	326,283
Amortization payable	**115,521**	115,521
	6,699,792	4,793,334
Disaster Loss Reserve (note 3)	**853,690**	783,399
Province's Account	**3,967,870**	3,314,745
	$11,521,352	$8,891,478

Approved by the Commission:

Peter H. Thomas
Chairman

Walter Badun
Member

See accompanying notes.

Combined Statement of Revenue and Expenditures and Province's Account

Years Ended December 31, 1988 and 1987

	1988	1987
Revenue:		
Tenant rent	**$22,033,971**	$21,383,803
Sundry	**656,032**	499,620
	22,690,003	21,883,423
Expenditures:		
Amortization	**14,252,394**	14,257,299
Operating	**12,148,111**	11,926,421
Shelter supplement	**14,164,294**	6,114,610
Maintenance	**4,348,962**	4,711,418
Grants in lieu of taxes (note 5)	**3,955,792**	3,800,887
Administration	**4,681,902**	3,934,193
Modernization and improvement	**10,512,915**	11,445,514
Provincial programs	**2,340,597**	1,989,366
Working capital interest (note 2)	**531,566**	683,283
	66,936,533	58,862,991
Operating deficit	**44,246,530**	36,979,568
Interest income, net	**463,790**	597,680
Excess of expenditures over revenue	**43,782,740**	36,381,888
Less Canada Mortgage and Housing Corporation subsidy share	**26,217,871**	21,423,777
Net Provincial share of expenditures	**17,564,869**	14,958,111
Subsidy receipts	**18,217,994**	15,491,900
	653,125	533,789
Province's account, beginning of year	**3,314,745**	2,780,956
Province's account, end of year	**$ 3,967,870**	$ 3,314,745

See accompanying notes.

Combined Statement of Changes in Financial Position

Years Ended December 31, 1988 and 1987

	1988	1987
Operating activities:		
Excess of expenditures over revenue	**$43,782,740**	$36,381,888
(Deduct) items not affecting working capital:		
Depreciation	**(92,570)**	(63,742)
Loss on sale of equipment	**—**	(45,869)
Changes in non-cash working capital balances relating to operations:		
Accounts receivable	**260,511**	165,208
Prepaid expenses and shelter supplement	**991,772**	(133,404)
Long-term receivables	**(64,143)**	—
Accounts payable & accrued liabilities	**(1,226,428)**	1,209,187
Tenants' prepaid rent	**43,507**	978
Amortization payable	**—**	34,836
Cash applied to operations	**43,695,389**	37,549,082
Investing activities:		
Additions to equipment	**29,515**	275,045
Proceeds on sale of equipment	**—**	(16,960)
Cash applied to investing activities	**29,515**	258,085
Financing activities:		
Subsidy receipts:		
Province of British Columbia	**18,217,994**	18,547,896
Canada Mortgage and Housing Corporation	**20,611,499**	26,107,016
Cash provided by financing activities	**38,829,493**	44,654,912
Increase (decrease) in cash position during the year	**(4,895,411)**	6,847,745
Cash position (bank indebtedness), beginning of year	**4,171,875**	(2,675,870)
Cash position (bank indebtedness), end of year	**$ (723,536)**	$ 4,171,875

See accompanying notes.

Notes to Combined Financial Statements

December 31, 1988

1 Significant Accounting Policies

a) *Basis of financial statement presentation*

These statements combine six separate financial statements of projects and programs operated by the Province of British Columbia (Ministry of Social Services and Housing), and each has its own subsidy sharing agreement and is managed by British Columbia Housing Management Commission (the Commission).

The statements are prepared in accordance with generally accepted accounting policies for governments with the exception that the Commission has set up a disaster loss fund (note 3) to provide for claims below the deductible amounts of insured properties and for damages to uninsured items.

b) *Amortization*

These statements do not include the capital cost of the projects, however, amortization in lieu of depreciation and interest on capital costs is in part payable to the Provincial Rental Housing Corporation and in part credited to Canada Mortgage and Housing Corporation based on schedules provided by the participants.

c) *Tenant rent revenue*

Tenant rent revenue represents rent charged to residents, and is determined as the lesser of market rent and a percentage of each resident's income.

d) *Equipment*

All purchases are recorded as program operating expenditures, except for computer hardware and software which are recorded at cost and depreciated on the straight line basis over five and three years respectively.

2 Working Capital Interest

The Province of British Columbia, through its Wholly Provincial Projects and Programs account, provides working capital to the projects and programs managed by the Commission, at interest rates agreed to by the participants.

3 Disaster Loss Fund

This fund, financed by the Province of British Columbia and Canada Mortgage and Housing Corporation, provides for claims below the deductible amounts of insured properties and for damages to uninsured items.

	1988	1987
Balance, beginning of year	**$783,399**	$732,537
Working capital interest	**75,767**	71,509
	859,166	804,046
Less claims expense	**5,476**	20,647
Balance, end of year	**$853,690**	$783,399

4 Equipment

	Cost	Accumulated Depreciation	**1988 Net**	1987 Net
Computer hardware	$289,882	$187,123	**$102,759**	$160,735
Computer software	200,475	107,539	**92,936**	98,015
Balances, end of year	$490,357	$294,662	**$195,695**	$258,750

5 Grants in Lieu of Taxes

The Commission, on behalf of the Province of British Columbia and Canada Mortgage and Housing Corporation, pays each municipality a grant equivalent to property taxes due for all residential properties and projects managed.

6 Lease Commitments

The Commission has minimum rental obligations under operating leases for office space to be expensed over the next five years as follows: $482,000 in 1989, $491,000 in 1990, $425,000 in 1991, $411,000 in 1992, and $410,000 in 1993.

7 Comparative Information

Certain 1987 comparative figures have been reclassified to conform with the financial statement presentation adopted for 1988.

Schedule of Net Program Costs

Section references are to the National Housing Act

	1988	1987
Property Management Portfolio:		
Section 40		
Regular		
City of Vancouver Residences	**$15,023,726**	$15,436,108
	885,744	1,563,415
Section 44 Regular		
Wholly Provincial Projects and Land Parcels	**8,864,878**	9,771,452
	55,975	(74,449)
	24, 830,323	26,696,526
Non-Profit and Private Sector Rental Assistance Programs:		
Section 44 (1) (a)		
Private		
Disabled	**1,467,899**	1,792,664
City of Vancouver Residences	**1,555,855**	1,494,997
	418,736	325,350
Section 44 (1) (b)		
Senior Citizens		
High Impact Grants	**2,566,945**	2,819,912
	2,626	4,127
Section 56.1		
Rent Supplement Programs		
Non-Profit Housing Programs	**1,800,617**	478,026
	8,799,142	780,920
	16,611,820	7,695,996
Other Provincial Programs:		
Rural and Remote Mortgage Programs		
GVRD and Co-op Mortgage Programs	**772,488**	960,021
Provincial Rental Assistance Program	**23,768**	26,160
Services for Non-Profit Societies	**1,134,386**	991,712
	409,955	11,473
	2,340,597	1,989,366
Excess of expenditures over revenue for the year	**$43,782,740**	$36,381,888
Subsidy sharing:		
Province of British Columbia		
Canada Mortgage and Housing Corporation	**17,564,869**	14,958,111
	26,217,871	21,423,777
	$43,782,740	$36,381,888

Note: This schedule is not covered by the Auditors' Report.

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